



HALEY BARBOUR  
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FOR IMMEDIATE RELEASE

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## GOVERNOR BARBOUR ANNOUNCES FIVE PERCENT CUTS

*Falling state revenues demand **reductions in FY 2010 budget***

Jackson, Mississippi – After 12 consecutive months of revenue collections that were lower than expectations, including the first two months of Fiscal Year 2010, Governor Haley Barbour today ordered state agencies to reduce spending by 5 percent, or a total of about \$174 million.

He said the action was necessary to meet the constitutional requirements of a balanced budget in FY 2010 and to try to avoid deeper and more painful cuts later in the year.

“The state’s fiscal situation is bleak,” Governor Barbour said. “Revenues continue to fall short month after month, and we simply cannot pretend this is business as usual. We elected officials have a responsibility to taxpayers to make budget adjustments as early as possible in this fiscal year based on real information, not hopes and dreams. Hopes alone won’t keep state government running, but prudent management will help us get through these tough times.”

The cuts were necessary because state tax collections fell 13.8 percent below the estimate in the first two months of the fiscal year. If this rate continues, the state could face a shortfall that tops \$820 million by next summer.

August revenue collections were \$5.5 million, or 1.69 percent, below state estimates. In July, state revenues were \$26 million, or 11.3 percent, less than expectations.

The reductions are designed to equalize cuts for essentially all of state government, including education, which was largely spared from budget cuts last year. Education spending makes up more than 60 percent of the state budget and, even after the cuts announced Thursday, education at all levels – K-12, community colleges, and universities – will receive more money than they were appropriated in FY 2009.

National Board Certification and Student Financial Aid programs will be exempt from these cuts. Others that will not be affected include Corrections, Medicaid, certain rehabilitation services managed by the Department of Human Services; and the Department of Audit, due to

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**¶** State agencies were ordered to reduce spending by \$174 million early in the fiscal year

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**Deleted: Our current rate of spending is unsustainable,” Governor Barbour said. “**

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**Deleted: and continue spending taxpayer dollars. We have a responsibility to look ahead at the bleak budget picture and**

**Deleted: “The financial forecast for Mississippi and other states continues to be grim,” Governor Barbour said. “While future budgets are of grave concern, state leaders must first and foremost take responsible actions to rein in spending right now.” ¶**

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**¶** “We struggled to spare education from budget cuts last year,” Governor Barbour said. “Unfortunately, we cannot ignore the largest line item in our budget this time. Despite these cuts, Mississippi’s educational programs will have more money than they did in FY 2009.” ¶

**¶** Other areas

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extensive auditing requirements under the federal stimulus. Debt service, homestead exemption and certain agreements required by court orders will not be cut.

▼ The Governor must trim spending as mandated by Mississippi Code §27-104-13, which requires the State Fiscal Officer to balance the budget when state revenue falls below estimates for the fiscal year.

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**Deleted:** departments of Rehabilitation Services, Corrections and Medicaid. Legal agreements, such as the Ayers settlement, also will be exempt. ¶

**Deleted:** "State law requires a balanced budget, which means agencies budgets must be reduced to compensate for shortfalls in state revenues," Governor Barbour said. ¶